

Message Text

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63

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 FEA-02 AEC-11 AID-20 CEA-02 CIEP-03 COME-00

EB-11 FPC-01 INT-08 OMB-01 SAM-01 SCI-06 STR-08

TRSE-00 FRB-03 NEA-14 EA-11 IO-14 DRC-01 /218 W

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FM AMEMBASSY OTTAWA

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E.O. 11652: N/A

TAGS: ENRG, CA

SUBJECT: ENERGY COORDINATING GROUP AGREEMENT: CANADIAN
EDITORIAL REACTION.

1. FOLLOWING IS FULL TEXT OF FIRST MAJOR CANADIAN EDITORIAL
REACTION TO ECG AGREEMENT. IT APPEARED IN AUGUST 8 TORONTO
GLOBE AND MAIL UNDER CAPTION "CONSULTATION IS LACKING".

2. TEGIN TEXT: IT IS A TRIFLE DISCOURAGING FOR CANADIANS
WHEN THEY HEAR FIRST ABOUT JOINT VENTURES IN WHICH CANADA
IS INVOLVED FROM THE UNITED STATES STATE DEPARTMENT.

TWELVE OF THE OIL-IMPORTING INDUSTRIALIZED COUNTRIES
HAVE HAD THEIR OFFICIALS PREPARING AN AGREEMENT FOR JOINT
ACTION IN THE FACE OF ANOTHER EMBARGO OR PARTIAL EMBARGO
BY THE OIL-PRODUCING NATIONS. CANADA IS ONE OF THE 12.
OTHERS ARE THE UNITED STATES, BRITAIN AND NORWAY - WITH CANADA,
OIL PRODUCERS - AND WEST GERMANY, DENMARK, BELGIUM,
LUXEMBOURG, THE NETHERLANDS, JAPAN, ITALY AND IRELAND.
FRANCE APPARENTLY EXPECTING TO MAKE ITS OWN DEAL WITH THE
PRODUCERS, HAS STAYED OUT OF ALL BUT THE INITIAL MEETING.

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ON TUESDAY THOMAS O. ENDERS, U.S. ASSISTANT SECRETARY OF STATE FOR ECONOMIC AFFAIRS, GAVE NEWSMEN AN OUTLINE OF THE TENTATIVE AGREEMENT REACHED AFTER MEETINGS BY THE GROUP -- CALLED THE ENERGY CO-ORDINATING GROUP -- IN BRUSSELS. THIS BODY IS EXPECTED TO MEET AGAIN IN SEPTEMBER AND PERHAPS OCTOBER, AND ITS PLANS WOULD HAVE TO BE APPROVED BY THE RESPECTIVE GOVERNMENTS. BUT, WHAT IS PROPOSED IS FAR-REACHING AND IMPORTANT AND OF GREAT CONCERN TO CANADIANS.

THE 12-NATION AGREEMENT, ACCORDING TO MR. ENDERS, WOULD "COME INTO ACTION AUTOMATICALLY IN CASE OF SHORTFALL" EITHER IN TERMS OF A GENERAL CUTBACK BY ARAB PRODUCERS OR OF A SELECTIVE EMBARGO SUCH AS THAT OF LAST WINTER AGAINST THE NETHERLANDS AND THE UNITED STATES. "A BIG MAJORITY" OF THE GROUP COULD OVERRULE THE REQUEST OF ONE OR TWO MEMBERS FOR EMERGENCY MEASURES, BECAUSE THE PLAN IS "NOT DESIGNED TO BE CONFRONTATIONAL."

THE 12 WOULD AGREE TO MASSIVE STOCKPILING OF OIL. IF AN EMERGENCY DEVELOPED, EACH NATIONAL WOULD CUT BACK ITS DOMESTIC DEMAND BY 7 TO 10 PERCENT, WITH MEASURES OF ITS OWN CHOOSING -- BIG GASOLINE EXCISE TAXES, RATIONING, ALLOCATION OF OIL SUPPLIES. OIL PRODUCED BY NORWAY, BRITAIN, THE UNITED STATES -- AND CANADA -- WOULD BE AVAILABLE FOR EMERGENCY POOLING. THE IDEA WOULD BE TO PREVENT THE SCRAMBLE FOR OIL AT STEEPLY RISING PRICES WHICH OCCURRED LAST WINTER, AS WELL AS THE POLITICAL STRAINS THAT COULD DEVELOP.

THE ENERGY CO-ORDINATING GROUP, SAID MR. ENDERS, ALSO PREPARED COMPREHENSIVE PROPOSALS FOR DEVELOPING ALTERNATIVE ENERGY SUPPLIES, DEALING WITH MONETARY DISLOCATIONS CAUSED BY THE QUADRUPLING OF OIL PRICES, AND FOR MONITORING ACTIVITIES OF INTERNATIONAL OIL COMPANIES. THE GROUP IS ALREADY WORKING WITH THE ORGANIZATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT, AND THE OECD MAY PROVIDE ITS EVENTUAL OFFICIAL HOME.

THE TENTATIVE AGREEMENT, IN FACT, IS NO SMALL MATTER -- BUT DEALS WITH SUBJECTS OF STAGGERING IMPORTANCE. CANADIANS WERE SURELY ENTITLED TO A PROGRESS REPORT FROM UNCLASSIFIED

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THEIR OWN LEADERS.

A SPOKESMAN FOR THE DEPARTMENT OF EXTERNAL AFFAIRS SAYS THAT THE REASON FOR SILENCE IS THAT THE REPORT HAS NOT YET REACHED CABINET, OR GAINED MINISTERIAL APPROVAL, AND THAT TIME WILL ALSO HAVE TO BE ALLOWED FOR CONSULTATION WITH THE PROVINCES. YES, CERTAINLY; BUT SHOULD THERE NOT ALSO BE CONSULTATION WITH THE PEOPLE? SOME OF

THEM MIGHT WANT TO KNOW IF THE ELABORATE PLANS OF THE
ENERGY GROUP CONSIDER ONLY DEVELOPED NATIONS, IF NO THOUGHT
HAS BEEN GIVEN TO THE OIL AGONIES OF UNDEVELOPED AND
DEVELOPING NATIONS. ACCORDING TO THE U.S. VERSION, 150
SPECIALISTS FORM THE GROUP; DIDN'T ONE OF THEM REMEMBER
THE HAVE-NOTS?

THE POINT IS THAT CANADA IS ENTITLED TO A CANADIAN
VERSION, AND ENTITLED TO IT BEFORE IT HAS BEEN SET IN
STONE BY SECRET FEDERAL-PROVINCIAL ARRANGEMENT. END TEXT
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